

**REPORT OF THE
ECONOMIC DEVELOPMENT,
CAPITAL IMPROVEMENT &
OTHER TAXES SUBCOMMITTEE**

(Loftis, Cobb-Hunter, J.R. Smith, Barfield, & Ott - Staff Contact: Daniel Boan)

SENATE BILL 503

S. 503 -- Senators Thurmond, Hembree, Campsen, Cleary, Rankin and Ford: A BILL TO AMEND CHAPTER 1, TITLE 6 OF THE 1976 CODE, BY ADDING ARTICLE 6 TO ENACT THE "BEACH PRESERVATION ACT", TO ALLOW A QUALIFIED COASTAL MUNICIPALITY TO IMPOSE A FEE NOT TO EXCEED ONE PERCENT ON THE GROSS PROCEEDS DERIVED FROM THE RENTAL OR CHARGES FOR ACCOMMODATIONS FURNISHED TO TRANSIENTS SUBJECT TO THE MUNICIPALITY'S LOCAL ACCOMMODATIONS TAX, TO PROVIDE THAT THE MUNICIPALITY MAY IMPOSE THE FEE ONLY AFTER ITS APPROVAL IN A REFERENDUM HELD IN THE MUNICIPALITY, TO PROVIDE THAT THE FEE IS IN ADDITION TO ALL OTHER LOCAL ACCOMMODATIONS TAXES IMPOSED AND MUST NOT BE DEEMED CUMULATIVE TO OTHER LOCAL ACCOMMODATIONS TAXES IMPOSED BY THE MUNICIPALITY, TO PROVIDE USES FOR WHICH THE FEE REVENUE MUST BE APPLIED, TO PROVIDE FOR REPORTING AND FOR REMITTANCE OF THESE FEES, AND TO PROVIDE DEFINITIONS.

Summary of Bill:

Allows a municipality with a public beach that imposes a local accommodations tax of no more than 1.5% to impose an additional 1% upon approval by referendum and use the proceeds for beach renourishment.

Introduced: 01/10/2013

Received by Ways and Means: 05/16/2013

Estimated Fiscal Impact:

No impact to state revenues.

Subcommittee Recommendation:

Favorable with Amendment

Full Committee Recommendation:

Pending

Other Notes/Comments:

Statement of Estimated Local Revenue Impact

Date: April 29, 2013

Bill Number: S. 503

Authors: Thurmond, Hembree, Campsen, et.al.

Committee Requesting Impact: Senate Finance

Bill Summary

A bill to amend Chapter 1, Title 6 of the 1976 Code, by adding Article 6 to enact the "Beach Preservation Act", to allow a qualified coastal municipality to impose a fee not to exceed one percent on the gross proceeds derived from the rental or charges for accommodations furnished to transients subject to the municipality's local accommodations tax, to provide that the municipality may impose the fee only after its approval in a referendum held in the municipality, to provide that the fee is in addition to all other local accommodations taxes imposed and must not be deemed cumulative to other local accommodations taxes imposed by the municipality, to provide uses for which the fee revenue must be applied, to provide for reporting and for remittance of these fees, and to provide definitions.

REVENUE IMPACT ¹¹

This bill is not expected to impact State revenues. Local revenue for a beach preservation fee would be approximately \$8,000,000 in FY 2013-14 if all qualifying cities imposed the maximum fee of 1%.

Explanation

This bill would allow a municipality that imposes a local accommodations tax of not more than one and one-half percent with a public beach to impose a beach preservation fee of up to one percent. The fee would apply in the same manner as accommodations tax as outlined in Section 12-36-920(A) and would not be subject to the maximum local accommodations tax limitations of Section 6-1-540. The bill does not specify a definition of public beach, so we have included any municipality with public beach access. We have identified the following municipalities that have public beach access as listed on the Department of Health and Environmental Control South Carolina Public Beach Access Guide: Hilton Head Island, Charleston, Folly Beach, Isle of Palms, Kiawah Island, Sullivan's Island, Edisto Beach, Pawley's Island, Atlantic Beach, Myrtle Beach, North Myrtle Beach and Surfside Beach. Based upon our research, Hilton Head already imposes a 2% beach preservation fee, Charleston and Edisto Beach impose a 2% accommodations tax and Pawley's Island imposes a 3% accommodations tax and would all be excluded. Based upon collections for local accommodations tax reported to our office by the qualifying cities on the Annual Local Municipal Financial Report, we estimate that if all qualifying municipalities imposed a 1% beach preservation fee they would generate approximately \$8,000,000 in FY 2013-14.



Frank A. Rainwater
Chief Economist

Analyst: Jolliff

¹¹ This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

South Carolina General Assembly
120th Session, 2013-2014

S. 503

STATUS INFORMATION

General Bill

Sponsors: Senators Thurmond, Hembree, Campsen, Cleary, Rankin and Ford

Document Path: l:\s-res\pt\005beac.hm.pt.docx

Companion/Similar bill(s): 3390

Introduced in the Senate on March 7, 2013

Introduced in the House on May 14, 2013

Currently residing in the House Committee on **Ways and Means**

Summary: Beach Preservation Act

HISTORY OF LEGISLATIVE ACTIONS

| <u>Date</u> | <u>Body</u> | <u>Action Description with journal page number</u> |
|-------------|-------------|--|
| 3/7/2013 | Senate | Introduced and read first time (Senate Journal-page 8) |
| 3/7/2013 | Senate | Referred to Committee on Finance (Senate Journal-page 8) |
| 4/24/2013 | Senate | Committee report: Favorable Finance (Senate Journal-page 11) |
| 5/7/2013 | Senate | Read second time (Senate Journal-page 16) |
| 5/7/2013 | Senate | Roll call Ayes-29 Nays-11 (Senate Journal-page 16) |
| 5/9/2013 | Senate | Read third time and sent to House (Senate Journal-page 11) |
| 5/14/2013 | House | Introduced and read first time (House Journal-page 19) |
| 5/14/2013 | House | Referred to Committee on Agriculture, Natural Resources and Environmental Affairs (House Journal-page 19) |
| 5/16/2013 | House | Recalled from Committee on Agriculture, Natural Resources and Environmental Affairs (House Journal-page 32) |
| 5/16/2013 | House | Referred to Committee on Ways and Means (House Journal-page 32) |

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VERSIONS OF THIS BILL

[3/7/2013](#)

[4/24/2013](#)

1 COMMITTEE REPORT

2 April 24, 2013

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S. 503

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6 Introduced by Senators Thurmond, Hembree, Campsen, Cleary,
7 Rankin and Ford

8

9 S. Printed 4/24/13--S.

10 Read the first time March 7, 2013.

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THE COMMITTEE ON FINANCE

14 To whom was referred a Bill (S. 503) to amend Chapter 1, Title
15 6 of the 1976 Code, by adding Article 6 to enact the "Beach
16 Preservation Act", to allow a qualified coastal municipality to
17 impose, etc., respectfully

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REPORT:

19 That they have duly and carefully considered the same and
20 recommend that the same do pass:

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22 HUGH K. LEATHERMAN, SR. for Committee.

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A BILL

11 TO AMEND CHAPTER 1, TITLE 6 OF THE 1976 CODE, BY
12 ADDING ARTICLE 6 TO ENACT THE "BEACH
13 PRESERVATION ACT", TO ALLOW A QUALIFIED
14 COASTAL MUNICIPALITY TO IMPOSE A FEE NOT TO
15 EXCEED ONE PERCENT ON THE GROSS PROCEEDS
16 DERIVED FROM THE RENTAL OR CHARGES FOR
17 ACCOMMODATIONS FURNISHED TO TRANSIENTS
18 SUBJECT TO THE MUNICIPALITY'S LOCAL
19 ACCOMMODATIONS TAX, TO PROVIDE THAT THE
20 MUNICIPALITY MAY IMPOSE THE FEE ONLY AFTER ITS
21 APPROVAL IN A REFERENDUM HELD IN THE
22 MUNICIPALITY, TO PROVIDE THAT THE FEE IS IN
23 ADDITION TO ALL OTHER LOCAL ACCOMMODATIONS
24 TAXES IMPOSED AND MUST NOT BE DEEMED
25 CUMULATIVE TO OTHER LOCAL ACCOMMODATIONS
26 TAXES IMPOSED BY THE MUNICIPALITY, TO PROVIDE
27 USES FOR WHICH THE FEE REVENUE MUST BE APPLIED,
28 TO PROVIDE FOR REPORTING AND FOR REMITTANCE OF
29 THESE FEES, AND TO PROVIDE DEFINITIONS.

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31 Be it enacted by the General Assembly of the State of South
32 Carolina:

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34 SECTION 1. Chapter 1, Title 6 of the 1976 Code is amended by
35 adding:

36
37 "Article 6

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39 Beach Preservation Act

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41 Section 6-1-610. This article may be cited as the 'Beach
42 Preservation Act'.

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Section 6-1-620. As used in this article:

(1) 'Beach preservation fee' means a fee imposed on the gross proceeds derived from the rental or charges for accommodations furnished to transients for consideration within the jurisdiction of the governing body which are subject to the tax imposed pursuant to Section 12-36-920(A).

(2) 'Governing body' means the governing body of a qualified coastal municipality.

(3) 'Qualified coastal municipality' means a municipality bordering on the Atlantic Ocean that has a public beach within its corporate limits and which imposes a local accommodations tax pursuant to Section 6-1-520 that does not exceed one and one-half percent pursuant to the limitations imposed pursuant to Section 6-1-540.

Section 6-1-630. (A) The governing body of a qualified coastal municipality by ordinance, subject to a referendum, may impose a beach preservation fee not to exceed one percent.

(B) Upon the adoption of an ordinance calling for a referendum, the county election commission shall conduct a referendum at the time specified in the ordinance on the question of implementing a one percent beach preservation fee. The state election laws apply to the referendum, mutatis mutandis. The county election commission shall publish the results of the referendum to certify them to the governing body. The beach preservation fee must not be imposed unless a majority of the qualified electors residing in the municipality voting in the referendum vote in favor of the referendum.

(C)(1) The ballot must read substantially as follows:
'Must an additional one percent beach preservation fee be added to the accommodations tax for the purpose of nourishment, renourishment, maintenance, erosion mitigation, and monitoring of beaches, dune restoration and maintenance, including planting of grass, sea oats, or other vegetation useful in preserving the dune system, and maintenance of public beach accesses within the corporate limits of _____.'

Yes

No

1 (2) If the question is not approved at the initial referendum,
2 the governing body may, by an ordinance meeting the
3 requirements of this section, call for another referendum on the
4 question. However, following the initial referendum, a referendum
5 for this purpose must not be held more often than once in a
6 twenty-four month period on the Tuesday following the first
7 Monday in November in even-numbered years.

8 (3) Once a week for the four weeks immediately preceding
9 the referendum, the governing body of the municipality shall
10 publish notice in a newspaper of general circulation within the
11 jurisdiction a description of and the specific uses for the beach
12 preservation fee. The governing body must also publish notice on
13 its website in the same manner.

14 (D) The fee authorized by this article is in addition to all other
15 local accommodations taxes imposed pursuant to Section 6-1-520
16 and must not be deemed cumulative with the local
17 accommodations tax or fee rate for the purposes of Section
18 6-1-540.

19 (E) All proceeds from the beach preservation fee must be kept
20 in a separate fund segregated from the governing body's general
21 fund. All interest generated by the beach preservation fee fund
22 must be credited to the beach preservation fee fund.

23
24 Section 6-1-640. The revenue generated by the beach
25 preservation fee must be used exclusively for the following
26 purposes:

27 (1) nourishment, renourishment, maintenance, erosion
28 mitigation, and monitoring of the beaches within the corporate
29 limits of the qualified coastal municipality;

30 (2) dune restoration and maintenance, including planting of
31 grass, sea oats, or other vegetation useful in preserving the dune
32 system within the corporate limits of the qualified coastal
33 municipality; and

34 (3) maintenance of public beach accesses within the corporate
35 limits of the qualified coastal municipality.

36
37 Section 6-1-650. Real estate agents, brokers, corporations, or
38 listing services required to remit fees under this section must notify
39 the appropriate governing body if rental property, previously listed
40 by them, is dropped from their listings.

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42 Section 6-1-660. The fee provided for pursuant to this article
43 must be remitted to the local governing body on a monthly basis

1 when the estimated amount of the average of the total of the tax
2 imposed pursuant to Article 5 of this chapter and this article is
3 more than fifty dollars a month, on a quarterly basis when the
4 estimated amount of such average is twenty-five dollars to fifty
5 dollars a month, and on an annual basis when the estimated
6 amount of such average is less than twenty-five dollars a month.”

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8 SECTION 2. This act takes effect upon approval by the Governor.

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